

McGrath Light and Power Company
Cost of Power Adjustment (COPA)/ Power Cost Equalization (PCE)/
Small Facility Power Purchase Rate (SFPPR)
Update Memorandum

Date: **November 18, 2021**

Utility Name McGrath Light and Power Company	Utility File No. TA146-44	Date Filed: October 13, 2021
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FILING SUMMARY		
Statutory Deadline: November 29, 2021	Tariff Sheets recommended for approval: Tariff Sheet No. 82 Filed on Oct 13, 2021 Tariff Sheet No. 87 Filed on Oct 13, 2021 Tariff Sheet No. 84 Filed on Oct 13, 2021	Staff Recommended Effective Date: November 29, 2021
Side-by-side Tariff Sheets attached as Appendix 4		

COPA SUMMARY			
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)
TA143-44 11/27/2020	\$ 0.0503	\$ 0.0447	\$ (0.0056)

SFPPR SUMMARY			
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)
TA143-44 11/27/2020	\$ 0.2796	\$ 0.2859	\$ 0.0063

PCE SUMMARY			
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)
U-21-019(2) 7/1/2021	\$ 0.3731	\$ 0.3678	\$ (0.0053)

Signed: _____

Brittany Loper
Brittany Loper

Utility Tariff Analyst

Reasons for the above recommendation: See Attached Memorandum

	Date, if different from 11/18/2021	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		<i>RMP</i>		
Kurber		<i>KIL</i>		
Scott		<i>AGS</i> AGS		
Sullivan		<i>DS</i> DS		
Wilson		<i>JW</i> JW		

Special Instructions to Staff: _____

* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

McGrath Light and Power Company
Cost of Power Adjustment (COPA)/ Power Cost Equalization (PCE)/
Small Facility Power Purchase Rate (SFPPR)
Update Memorandum

To: Robert M. Pickett, Chairman
Keith Kurber II
Antony G. Scott
Daniel A. Sullivan
Janis W. Wilson

Date: November 18, 2021

File: TA146-44

Utility: McGrath Light and Power Company

From: Brittany Loper

Subject: COPA, PCE, SFPPR

COPA Comments:

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA surcharges are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The estimated fuel costs decreased from \$541,342 to \$537,560. The balancing account balance decreased from \$17,517 to (\$5,368). The estimated kWh sales decreased from 1,936,233/kWh to 1,880,458/kWh. The upward pressure from the decrease in estimated kWh sales is offset by the downward pressure from the decrease in the balancing account balance and decrease in estimated fuel costs. The overall effect is a decrease in McGrath Light and Power Company's COPA surcharge from \$0.0503/kWh to \$0.0447/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 82, filed October 13, 2021, by McGrath Light and Power Company with TA146-44. The effective date of the tariff sheet should be November 29, 2021.

SFPPR Comments:

The Small Facility Power Purchase Rate is the rate at which McGrath Light and Power Company will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less. It is calculated based upon the amount of diesel generation used in the most recent period, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent period.

Staff Notes:

McGrath Light and Power Company is proposing an SFPPR of \$0.2859/kWh which is an increase of \$0.0063/kWh from the currently approved SFPPR of \$0.2796/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 87, filed October 13, 2021, by McGrath Light and Power Company with TA146-44. The effective date of the tariff sheet should be November 29, 2021.

PCE Comments:

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

Staff Notes:

Staff notes McGrath Light and Power Company met the generation efficiency and line loss standards. McGrath Light and Power Company proposes a \$0.0053/kWh decrease in the PCE level from \$0.3731/kWh to \$0.3678/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 84, filed October 13, 2021, by McGrath Light and Power Company with TA146-44. The effective date of the tariff sheet should be November 29, 2021.

McGrath Light and Power Company
Calculation and Comparison of 500 kWh Bill
TA146-44

Customer Bills	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Surcharge (\$/kWh)	\$0.0503	\$0.0447	(\$0.0056)
PCE (\$/kWh)	\$0.3731	\$0.3678	(\$0.0053)
500 kWh Residential Customer Bill			
Energy @ \$0.7098/kWh	\$354.90	\$354.90	\$0.00
Customer Charge	\$10.00	\$10.00	\$0.00
Regulatory Cost Charge @ \$0.000884/kWh	\$0.44	\$0.44	\$0.00
Surcharge Amount (\$)	\$25.15	\$22.35	(\$2.80)
PCE Credit Amount (\$)	(\$186.55)	(\$183.90)	\$2.65
Total Customer Bill (\$)	\$203.94	\$203.79	(\$0.15)

McGrath Light and Power Company
Cost of Power Adjustment Amount
TA146-44

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$ 3.35304	\$3.49510
B	Estimated Fuel Consumption	161,448	153,804
C	Estimated Per Unit Power Cost	-	-
B	Estimated Power Consumption	-	-
D	Total Estimated Fuel and Power Costs ((A*B)+(C*D))	\$ 541,342	\$ 537,560
E	Balancing Account Balance	\$ 17,517	\$ (5,368)
F	Total (D+E)	\$ 558,859	\$ 532,192
G	Estimated Retail Sales	1,936,233	1,880,458
H	Projected Cost of Power (F/G)	\$ 0.2886	\$ 0.2830
I	Base Cost of Power	\$ 0.2383	\$ 0.2383
J	Cost of Power Adjustment Amount (H-I)	\$ 0.0503	\$ 0.0447

Comments	

Actual Costs			
	Prior Determination	Updated Determination	Change
Per Unit Fuel Cost	\$ 3.54	\$ 3.39	\$ (0.15)
Total Fuel Cost	\$ 655,501.96	\$ 520,856.88	\$ (134,645.08)
Per Unit Power Cost	\$ -	\$ -	\$ -
Total Power Cost	\$ -	\$ -	\$ -
Balancing Account	\$ 17,517.34	\$ (5,368.00)	\$ (22,885.34)

Actual Revenues			
	Prior Determination	Updated Determination	Change
Sales	2,326,079	1,880,458	(445,621.00)
COPA Surcharge Revenues	\$ 117,001.77	\$ 84,056.47	(32,945.30)
Base Cost Revenues	\$ 554,304.63	\$ 448,113.14	(106,191.49)

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
[Keith Kurber II \(Nov 18, 2021 09:19 AKST\)](#)

Email: keith.kurber@alaska.gov

Signature: 

Email: antony.scott@alaska.gov

Signature: 
[Daniel Sullivan \(Nov 19, 2021 02:38 AKST\)](#)

Email: daniel.sullivan@alaska.gov

Signature: 
[Janis W. Wilson \(Nov 19, 2021 07:17 AKST\)](#)

Email: janis.wilson@alaska.gov

McGrath Light and Power Company
POWER COST EQUALIZATION
TA146-44

Calculation of Power Cost Equalization			
Line	Description	Prior Commission Determination (\$/kWh)	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	0.3045	0.3045
B	Fuel Power Costs	0.2886	0.2830
C	Total Power Costs	0.5931	0.5875
D	Total Costs Less \$0.2003/kWh	0.3928	0.3872
E	95% of Total Power Costs	0.3731	0.3678
F	Statutory Maximum [(1-0.2003)*0.95]	0.7597	0.7597
G	Lesser of E or F	0.3731	0.3678
H	Customer Class Rate		
	Residential	0.5807	0.5751
	Commercial	0.4577	0.4521
I	Power Cost Equalization - Lesser of G or H		
	Residential	0.3731	0.3678
	Commercial	0.3731	0.3678
J	Power Cost Equalization - After Reduction	100%	100%
	Residential	0.3731	0.3678
	Commercial	0.3731	0.3678

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-12-140(14)	
2	Allowable Non-Fuel Cost	\$ 771,135
3	Twelve Month Total kWh Sales	2,539,949
4	Regulatory Cost Charge	\$ 0.000884
5	Total Non-Fuel Power Costs	0.3045
6	FUEL COSTS	
7	Current Fuel Price	\$ 3.49510
8	Estimated Fuel Consumption (gallons)	153,804
9	Estimated kWh Sales (kWh)	1,880,458
10	Balancing Account Balance	(\$5,368.00)
11	Total Fuel Power Costs	0.2830
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	537,560.36
2	Balancing Account Balance	(5,368.00)
3	Total	532,192.36
4	Estimated Retail Sales	1,880,458
5	Projected Cost of Power	0.2830
6	Base Cost of Power	0.2383
7	Surcharge	\$ 0.0447

Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	COPA Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.2003/kWh (\$/kWh)
1	Residential	0.7098	10.00	0.0447	0.000884	0.7554	387.70	0.7754	0.5751
2	Commercial	0.5668	20.00	0.0447	0.000884	0.6124	326.20	0.6524	0.4521

RCA No. 44 11th Revision SHEET NO. 82
 Cancelling 10th Revision SHEET NO. 82

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McGrath Light & Power Co.

COST OF POWER ADJUSTMENT

(1)	Costs for twelve (12) months beginning	October 1, 2020		C
	Source	Quantity	Unit Cost	Total
	Diesel Fuel	161,448 gal	\$3.35	\$ 541,342 R
	Total			\$ 541,342 R
(2)	Balance in Cost of Power Balancing Account as of September 30, 2020		17,517	C/R
(3)	Total (1) and (2) above		\$ 558,860	R
(4)	Estimated Retail Energy Sales for twelve (12) months (kWh)		1,936,233	R
(5)	Projected Cost of Power [(3)/(4)]		\$ 0.2886 /kWh	R
(6)	Base Cost of Power		\$ 0.2383 /kWh	
(7)	Cost of Power Adjustment [(5)-(6)] for twelve (12) months beginning	October 1, 2020	\$ 0.0503 /kWh	C/R

Tariff Advice No. TA143-44 Effective **November 27, 2020**
 Issued By : McGrath Light & Power Co.

By : Tim Barnum

Title : General Manager

RCA No. 44 12th Revision SHEET NO. 82
 Cancelling 11th Revision SHEET NO. 82



McGrath Light & Power Co.

COST OF POWER ADJUSTMENT

(1)	Costs for twelve (12) months beginning	October 1, 2021		C
	Source	Quantity	Unit Cost	Total
	Diesel Fuel	153,804 gal	\$3.50	\$ 537,561 R
	Total			\$ 537,561 R
(2)	Balance in Cost of Power Balancing Account as of September 30, 2021		(5,368)	C/I
(3)	Total (1) and (2) above		\$ 532,193	R
(4)	Estimated Retail Energy Sales for twelve (12) months (kWh)		1,880,458	R
(5)	Projected Cost of Power [(3)/(4)]		\$ 0.2830 /kWh	R
(6)	Base Cost of Power		\$ 0.2383 /kWh	
(7)	Cost of Power Adjustment [(5)-(6)] for twelve (12) months beginning	October 1, 2021	\$ 0.0447 /kWh	C/R

Tariff Advice No. TA146-44 Effective
 Issued By : McGrath Light & Power Co.

By : Tim Barnum

Title : General Manager

RCA No. 44 25th Revision Sheet No. 84
 Canceling
24th Revision Sheet No. 84

McGrath Light & Power Company

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Power Cost Equalization

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

<u>Non Community Facility Customers</u>			
<u>Schedule</u>		<u>PCE Amount</u>	
B-1- Residential Rates		\$ 0.3731 /kWh	I
<u>Community Facility Customers</u>			
B-2-Commercial Rates		\$ 0.3731 /kWh	I

Pursuant to U-21-019(2)

Effective July 1, 2021

Issued By: McGrath Light & Power Company

By: Tim Barnum

Title: General Manager

RCA No. 44 26th ~~25th~~ Revision

SHEET NO. 84

Cancelling 25th ~~24th~~ Revision

SHEET NO. 84



McGrath Light & Power Co.

Power Cost Equalization

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1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
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3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below is as follows:

Non-Community Facility Customers

<u>Schedule</u>		<u>PCE Amount</u>	
B-1 Residential Rates		\$ 0.3678 /kWh	R
<u>Community Facility Customers</u>			
B-2 Commercial Rates		\$ 0.3678 /kWh	R

Tariff Advice No. TA146-44

Effective

Issued By: McGrath Light & Power Co.

By: Tim Barnum

Title: General Manager

RCA No. 44 11th Revision
Cancelling 10th Revision

SHEET NO. 87
SHEET NO. 87

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McGrath Light & Power Co.

RULES AND REGULATIONS

SCHEDULE No. QF-1 (continued)

SMALL FACILITY POWER PURCHASE RATE

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent period, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent period.

A.	Number of gallons consumed (historical period)		161,448 gallons	I
B.	price		<u>\$3.35</u> \$/gallon	R
C.	Total Fuel Costs	A x B	\$ 541,342	R
D.	kWh sold (historical period)		<u>1,936,233</u> kWh	R
E.	Small Facility Power Purchase Rate	C / D	27.96 c/kWh	R

Tariff Advice No TA143-44 Effective **November 27, 2020**
Issued By : **McGrath Light & Power Co.**

By : Tim Barnum

Title : General Manager

RCA No. 44 12th Revision
Cancelling 11th Revision

SHEET NO. 87
SHEET NO. 87



McGrath Light & Power Co.

RULES AND REGULATIONS

SCHEDULE No. QF-1 (continued)

SMALL FACILITY POWER PURCHASE RATE

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent period, updated to reflect the current price of fuel, divided by the number of kWh sold in the most recent period.

A.	Number of gallons consumed (historical period)		153,804 gallons	R
B.	Current fuel price		<u>\$3.50</u> \$/gallon	I
C.	Total Fuel Costs	A x B	\$ 537,561	R
D.	kWh sold (historical period)		<u>1,880,458</u> kWh	R
E.	Small Facility Power Purchase Rate	C / D	28.59 c/kWh	I

Tariff Advice No. TA146-44 Effective _____
Issued By : **McGrath Light & Power Co.**

By : Tim Barnum

Title : General Manager